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Cut deficit by selling state property

By Martin Garrick
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California today owns a significant number of surplus properties and vacant buildings, which I believe could represent an important contribution toward solving our state's budget problems.

In fact, the state today owns more than 2,000 separate parcels of land totaling more than 2.5 million acres, which is roughly the size of Los Angeles County. We also own more than 19,000 state buildings, totaling 180 million square feet of space.

Some of the properties owned by taxpayers include sports arenas such as the Cow Palace in San Francisco. The state also owns an expensive home in Hawaii for the University of California, and a house in Sausalito that sits on 1.75 acres with pristine views of San Francisco Bay.

Other parcels owned by the state are in expensive real estate markets for which private groups would jump at the chance to buy and build new housing or other projects, which would create jobs and increase the property tax base. The state also owns a vacant warehouse in downtown San Diego that could fetch millions if sold.

It is not surprising to learn that state bureaucrats are doing a poor job of managing these assets. Very little money is brought in to the state from rent payments, ticket sales or other revenue, while taxpayers are forced to pay millions of dollars every year to properly maintain them – not to mention the loss of revenue annually in property taxes.

Not only are they being poorly managed, but the state has little idea which properties are actually surplus land or an accurate accounting of their fair market value. For example, the state owns a nine-hole golf course in the exclusive Oakland Hills, surrounded by million-dollar homes, but it receives less than \$3 per day in rent. More shocking, state officials believe it is only worth \$25,000.

Does it really make sense for the state to own golf courses and expensive homes in Hawaii when California is facing a \$16 billion deficit and education and public safety are in jeopardy?

I believe that making it easier to sell California's surplus property is a common-sense step lawmakers can take immediately to generate revenue for the state and help reduce our massive budget deficit – without impacting vital services depended upon by Californians. If we took steps to sell some of our surplus property, we could bring in as much as \$1 billion or more in much-needed tax revenue for the state, and increase the property tax base for years to come, all while reducing maintenance costs.

Since July 2006, Caltrans has sold 657 excess properties for a total of \$87.7 million, with another 500 excess properties scheduled to be sold by the end of the year. This is a step in

the right direction, but only scratches the surface of the potential income the state would receive if it made a commitment to selling surplus properties.

The Legislature should act immediately to authorize the sale of surplus property and work with the Schwarzenegger administration to ensure a proper inventory and appraisal of these properties.

We must also take steps to do away with many of the unnecessary burdens imposed by the Legislature's liberal majority in recent years that have made it very difficult to sell surplus land. For example, multiple environmental reviews are required as a condition before surplus state property can be sold. These requirements are overly burdensome and stand in the way of the state bringing in new revenue. We should work to lift these obstacles immediately.

Bringing in new revenue through the sale of surplus property should be the first priority for lawmakers in addressing California's budget problems. I hope Democrats will work with my Republican colleagues and me to take this responsible step to get California back on track.